



United States Department of Agriculture
Rural Development
Vermont/New Hampshire

March 29, 2005

USDA GUARANTEED RURAL RENTAL HOUSING PROGRAM SECTION 538

- TO: COMMERCIAL LENDERS, HOUSING DEVELOPERS,
AND HOUSING CONSULTANTS**
- WHAT: WORKSHOP - USDA RURAL DEVELOPMENT SECTION 538
GUARANTEED MULTI-FAMILY HOUSING PROGRAM**
*USDA Rural Development offers Guarantees to Lenders for up to
90% of the loan for Multi-Family Housing Projects. We will be hosting
a Workshop and Roundtable to encourage and investigate the
feasibility of commercial lending for this program.*
- WHEN: MAY 18, 2005 - BEDFORD, NH
MAY 19, 2005 - WHITE RIVER JUNCTION, VT**

USDA Rural Development for Vermont and New Hampshire will host two informational workshops on opportunities to construct, acquire or rehabilitate rural rental housing properties utilizing the USDA Section 538 Guaranteed Multi-Family Housing (MFH) program. The interactive workshops will include presentations followed by a roundtable discussion on the feasibility of the program. Join us to determine how the Section 538 program may successfully be applied for loan guarantees to commercial lenders in Vermont and New Hampshire.

The Section 538 Guaranteed MFH program is a credit enhancement (90% loan guarantee) that is provided to a lender to enable favorable financing terms for Multi-Family Housing development. The program works well with 9% LIHTC and mixed income housing, as the program can serve up to 115% of median income tenants.

Liam McGuigan, of Investment Management Advisory Group (IMAGE) will participate in the workshops. IMAGE is an organization involved with financing over thirty Section 538 projects in Ohio, Kentucky, Michigan, Georgia, Montana, Idaho, California, and Arizona and has provided over 1500 housing units. In addition, Philip Buckley from Ginnie Mae will be speaking about their Rural Development initiative and interest in purchasing mortgage-backed securities originated under the 538 program.

City Center 3rd Floor • 89 Main Street • Montpelier, VT 05602
802-828-6015 (v) 802-828-6076 (f) 802-223-6375 (tty) robert.mcdonald@vt.usda.gov
<http://www.rurdev.usda.gov/vt>

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

Speical guests Jack Gleason, Deputy Administrator, Multi-Family Housing and Joyce Allen, Deputy Director, Guaranteed Loans, Multi-Family Housing from the MFH Division in the National Office will join us at each workshop.

The workshops will be held on the following dates:

Bedford, NH

Date: Wednesday, May 18, 2005

Time: 2:00 PM to 4:30 PM

Location: New Hampshire Housing Finance Agency, Bedford, NH
Directions: http://www.nhhfa.org/about_directions.htm

White River Junction, VT

Date: Thursday, May 19, 2005

Time: 10:00 AM to 12:30 PM

Location: Comfort Suites Hotel, White River Junction, Vermont
Directions: I 91 Exit 11 - Hotel is across from the VA Hospital off US Rte 5
<http://www.comfortwhiteriver.com/>

Please come prepared to actively discuss funding sources, such as the use of tax credits, HOME funds, bond funds, CDBG funds, TIF's, etc. Other helpful information would be typical O&M expenses of a property as a percentage of revenue and information about the surrounding areas, such as typical rents, amenities of other similar properties in the area. Please keep in mind that households with incomes up to 115% of median are eligible as tenants.

Please fill out and return the enclosed RSVP form for the workshop you plan to attend. If you wish to bring a guest with you such as a financial consultant, etc., please advise us on the RSVP by providing their name and title.

An agenda and brief fact sheet are also enclosed for your information. If you have any questions, please contact Robert McDonald, Housing Program Director at 802-828-6015 or robert.mcdonald@vt.usda.gov.

Sincerely,

JOLINDA LACLAIR
State Director, VT/NH

Enclosures

USDA Section 538 Guaranteed Multi-Family Housing Program
Workshop Agenda
May 18, 2005
Bedford, NH - NHHFA Conference Room

- | | |
|---------|--|
| 2:00 PM | Welcome and Introduction by Jolinda H. LaClair, State Director,
USDA Rural Development |
| 2:15 PM | Jack Gleason, Deputy Administrator, Multi-Family Housing, USDA
Rural Development |
| 2:30 PM | Joyce Allen, Deputy Director, Guaranteed Loans, Multi-Family
Housing, USDA Rural Development
<i>Overview of the Section 538 Guaranteed Rural Rental Housing
Program</i> |
| 3:00 PM | Philip Buckley, Senior Mortgage Backed Securities Specialist,
Ginnie Mae, Washington, DC
<i>Ginnie Mae/Rural Development Initiative in the 538 program</i> |
| 3:15 PM | Break |
| 3:30 PM | Liam McGuigan, Senior VP, Mortgage Finance Group, Investment
Management Advisory Group, Inc., 886 Vaughn Road, Pottstown,
PA 19465— <i>The Anatomy of the Deal. What Does the Deal Look
Like?</i> |
| 4:00 pm | All participants--Roundtable Discussion regarding the feasibility of a
Section 538 property in the area surrounding the Upper Valley or
Southern NH including the Seacoast area. |
| 4:30 pm | Adjourn |

USDA Section 538 Guaranteed Multi-Family Housing Program
Workshop Agenda
May 19, 2005
WHITE RIVER JUNCTION, VT

- | | |
|----------|--|
| 10:00 AM | Welcome and Introduction by Jolinda H. LaClair, State Director,
USDA Rural Development |
| 10:15 AM | Jack Gleason, Deputy Administrator, Multi-Family Housing, USDA
Rural Development |
| 10:30 AM | Joyce Allen, Deputy Director, Guaranteed Loans, Multi-Family
Housing, USDA Rural Development
<i>Overview of the Section 538 Guaranteed Rural Rental Housing
Program</i> |
| 11:00 AM | Philip Buckley, Senior Mortgage Backed Securities Specialist,
Ginnie Mae, Washington, DC
<i>Ginnie Mae/Rural Development Initiative in the 538 program</i> |
| 11:15 AM | Break |
| 11:30 AM | Liam McGuigan, Senior VP, Mortgage Finance Group, Investment
Management Advisory Group, Inc., 886 Vaughn Road, Pottstown,
PA 19465— <i>The Anatomy of the Deal. What Does the Deal Look
Like?</i> |
| 12:00 PM | All participants--Roundtable Discussion regarding the feasibility of a
Section 538 property in the area surrounding the Upper Valley or
Southern NH including the Seacoast area. |
| 12:30 PM | Conclusion of Workshop |

RSVP

USDA Section 538 Guaranteed Multi-Family Program Workshop

May 18, 2005 - Bedford, NH
May 19, 2005 - White River Junction, VT

I _____ will be attending the workshop noted below:

Bedford, NH _____ **White River Junction** _____

Number attending _____

Name

Additional Attendee's Name & Title

Title

Address

City, State, Zip

Telephone

Email address

Please return this RSVP by fax or mail no later than Friday May 13, 2005, to:

MFH Workshop
USDA Rural Development
Attn: Sharon Lafley
City Center, 3rd Floor
89 Main Street
Montpelier, VT 05602
Phone: 802-828-6068
FAX: 802-828-6090

Please note: If anyone requires a special accommodation, please contact Sharon Lafley at 802-828-6068.

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Section 538 Guaranteed Rural Rental Housing Program (GRRHP)

LOAN PRODUCTS

- Up to 90% guarantee
- Interest credit (interest rate buy down)

ELIGIBLE PURPOSES

- New construction and acquisition with substantial rehabilitation
- Take-out permanent financing and combination construction/permanent loans

ELIGIBLE USES

- All hard costs
- Soft costs - professional services, bond fees, developer's fees, land acquisition & development, cost of financing

ELIGIBLE BORROWERS

- Individuals partnerships, non-profit or for-profit corporations
- Limited liability companies and trusts
- State and local agencies, Indian Tribes

ELIGIBLE AREAS

- Rural areas with populations up to 20,000

ELIGIBLE LENDERS

- Lenders eligible for approval include HUD, Fannie Mae, and Freddie Mac approved multifamily lenders
- Lenders with multifamily lending experience and demonstrated capacity to provide all aspects of loan processing, and asset management functions, including disposition.

BENEFITS TO LENDERS

- 90% protection against loan losses
- Credit towards fulfillment of Community Reinvestment Act requirements
- Secondary mortgage market participation
- Loans exempted from lender's legal lending limits
- Enables lenders to expand their portfolios, while improving the economic health of rural communities

LOAN FEATURES

Loan to Value (LTV)

- 90% or less for loans made to for-profit entities
- 97% or less for loans made to non-profit entities

Interest Rate

- Best negotiated rate between lender and borrower fixed over the loan term
- Buy down of interest rate with annual interest credit payments up to the Applicable Federal Rate

Maximum Repayment Terms

- 25 year min., 40 year max.
- 25 year min. for balloon with 40 year amortization

Maximum Loan Amount

- No limit

PROGRAM GUIDELINES

- Available to families or persons whose incomes at time of initial occupancy do not exceed 115% of median income
- Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30% of 115% of area median income, adjusted for family size
- Average rent (including tenant-paid utilities) for all units in a project cannot exceed 30% of 100% of area median income

GRRHP REGULATIONS & FORMS

- Regulations are available online at: <http://rdinit.usda.gov/reg/hblist.html#hbw6>
- Forms are available online at: <http://rdinit.usda.gov/reg/formtoc.html>
- The application process and competitive selection criteria will be described in an annual Notice of Funding Availability (NOFA) published in the Federal Register

